Reduction of Central Sales Tax

205. SHRI K. CHANDRAN PILLAI: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to reduce the percentage of Central Sales Tax;

(b) if so, the details thereof;

(c) whether this will result in loss of revenue to the States;

(d) if so, whether measures are being taken to compensate the States for the revenue loss;

(e) if so, the details thereof; and

(f) by when the decision would be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Central Sales Tax (CST), being an origin-based non-rebatable tax, is inconsistent with VAT and therefore, as part of the ongoing tax reform process, the Government propose to phase out the CST. It is proposed to phase out the CST over next 3 years, starting with reduction in CST rate from 4% to 3% w.e.f. 1st April, 2007.

(c) Yes, Sir.

(d) to (f) A broad consensus has been arrived at on the measures to be taken by the Central and the State Governments to compensate the States for the revenue loss due to phasing out of the CST. The details are being worked out.

Control over price rise

206. SHRI VIJAY J. DARDA: Will the Minister of FINANCE be pleased to state:

(a) whether he has cautioned the industry leaders not to artificially push up product prices because of demand being high and supply-side constraints, the demand outstripping supply syndrome should not become the determinant factor for earning large profits, as that would be a short-term view and ultimately counter-productive; and

(b) if so, whether the active co-operation of bodies like FICCI,CII, will be enlisted so that they could adequately motivate Industry and Commerce not to resort to artificial raising of prices?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Sir, while addressing the Annual General Meeting of the Federation of Indian Chambers of Commerce and Industry (FICCI) on 9th January, 2007, Finance Minister observed that a section of industry, largely the manufacturing sector, was artificially hiking prices despite a declining trend in the cost of primary item and fuel products. He cautioned that in the long run, inflation will get entrenched and will work to their disadvantage by forcing interest rates up.

Matching of signatures in banks

†207. SHRI DHARAM PAL SABHARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that signatures of a person alone are consider to be valid for transactions in Nationalised Banks, due to which the account holders face difficulties for withdrawal of their deposits as their signatures change with the growing age;

(b) whether it is also a fact that many banks like Canara Bank Central Bank of India, etc. located nearby Parliament House are still following the traditional practice of signature;

(c) if so, whether Government would also consider to make provision of having a photograph of account holder as well; and

(d) if so, Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) As per the normal practice, bank accounts are opened and operated as per the specimen signatures furnished to the banks. Further, bank accounts can also be opened and operated as per the thumb impression of a person which is normally resorted to in respect of persons who can't read or write. Reserve Bank of India (RBI) has issued guidelines to banks regarding operation of bank accounts by old/sick/incapacitated persons. The guidelines to banks include operation of bank accounts by persons who are too ill to sign a cheque or

†Original notice of the question was received in Hindi.